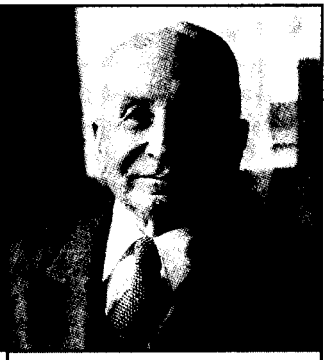
The Mises Review



VOLUME 5 NUMBER 1 SPRING 1999

PRIVATE PROPERTY'S PHILOSOPHER

The Ethics of Liberty

Murray N. Rothbard
New York University Press, 1998 [1982], xlix + 308 pgs.

Professor Hans Hoppe, in his outstanding new introduction to the reissue of *The Ethics of Liberty*, hits the nail on the head. He contrasts Murray Rothbard with Robert Nozick, a much more famous figure among academic philosophers and political theorists. Although both writers embrace libertarianism (Nozick much less ardently or consistently than Rothbard), their styles of thinking differ entirely. Nozick, according to Hoppe, is impressionistic and given to flights of fancy. Rothbard, by contrast, reasons by strict deduction from self-evident axioms.

Agree with him or not on Nozick, no one can dispute the accuracy of Professor Hoppe's characterization of Rothbard. Although I read *Ethics of*

A Quarterly Review of Books, by David Gordon

Power Mad
JOHN T. FLYNN
The Roosevelt Myth 7

Ask a Silly Question
VIRGINIA POSTREL
The Future and Its Enemies.....12

The Master Doubter
GORDON TULLOCK
Economics of Income Redistribution and *On Voting: A Public Choice Approach*.....15

Liberty as a Precondition
DOUGLAS B. RASMUSSEN AND DOUGLAS J. DEN UYL
The Challenge of Post-Modernity.....19

Keynesian Confusions
PAUL KRUGMAN
The Hangover Theory...22

Kennan on Germany
GEORGE KENNAN
A Letter on Germany....25

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Liberty for the first time several years before its initial publication, and mistakenly thought I knew the book well, rereading it has punctured my complacency. Rothbard is much more consistent and rigorous than even I had imagined.

One illustration must here suffice. As even Macaulay's schoolboy knows, Rothbard grounded his political ethics on the principle of self-ownership: each person rightfully owns his or her own body. Few libertarians would dissent; but few if any have seen the implications of this principle so clearly as Rothbard.

To many libertarians, freedom of contract is the be-all and end-all. As Rothbard notes, unlimited freedom of contract, far from being a consequence of self-ownership, in fact contradicts it. Given self-ownership, and acquisition of property through "mixing one's labor" with unowned property, of course, one may enter freely into all sorts of agreements with others.

"Unfortunately, many libertarians, devoted to the right to make contracts, hold the *contract itself* to be an absolute, and therefore maintain that *any* voluntary contract whatever must be legally enforceable in the free society. Their error is a failure to realize that the right to contract is strictly derivable from the right of private property, and therefore that the only *enforceable* contracts... should be those where the failure of one party to abide by the contract implies the theft of property from the other party" (p. 133).

You can only give away your property, not yourself.

You cannot then, sell yourself into slavery. You can voluntarily submit to the will of another; but, should you change your mind, no legal force can compel you to obey another's bidding. Why not? Contract, to reiterate, does not stand as an absolute: only what fits together with self-ownership can be enforced. You can only give away your property, not yourself.

So far, I suspect, most libertarians would follow Rothbard. (Nozick, if I

The Mises Review

Copyright © 1999 by the Ludwig von Mises Institute, 518 West Magnolia Avenue, Auburn, Ala. 36832-4528, (334) 844-2500, fax (334) 844-2583, freedom@mises.org, www.mises.org. *The Mises Review* subscription is $15.95 for four issues. All rights reserved. Written permission must be secured from the publisher to use or reproduce any part of *The Mises Review*, except for brief quotations in reviews or articles.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

have understood him, would not.) Once you think about a contract to enslave yourself, unlimited freedom of contract loses its surface plausibility. But Rothbard goes further; and here the immense force of his systematic consistency emerges.

Rothbard uses the principle of self-ownership to solve a complicated problem of legal theory. What is the basis for enforcing a contract? According to some theorists, including such eminences as Oliver Wendell Holmes and Roscoe Pound, a contract is in essence a promise. Because you have, in return for a consideration, promised to perform some act, you may be compelled to keep your promise. A variant of this position holds that a contract leads the parties to expect behavior of a specified kind. They accordingly plan their own actions and suffer loss if their expectations are disappointed. To help ensure that expectations are met, contracts may be enforced.

Rothbard easily dispatches these theories. Both contract-as-promise and contract-as-fulfilled-expectation negate self-ownership. You may alienate only your property, not your will. Rothbard draws the drastic, though strictly logical, consequence that no promise as such can be enforced. Every legally binding contract must involve a transfer of titles between the parties at the time the contract is made.

Rothbard uses the principle of self-ownership to solve a complicated problem. What is the basis for enforcing a contract?

Our author's conclusion follows from his premise; but why accept the axiom of self-ownership? Here once again I found my rereading instructive. I had, I imagined, the essence of Rothbard's argument firmly in mind. He argues that all societies confront three alternatives: each person owns himself, some people own others, or each person owns a part of everyone else. (Are these alternatives mutually exhaustive? Variants and combinations of the second and third may readily be devised, but these require no change in the fundamentals of Rothbard's argument.)

So far, so good. But then I went wrong. I was inclined to think that Rothbard next resorted to moral intuitions. Isn't it obvious that each person should own himself and that slavery must be rejected?

Rothbard's actual argument is much more subtle and complex than the sketch embedded in my mind. He relies heavily in his defense of self-ownership on a point of fact. Everyone in reality is in control of his own will. If I obey another, I must

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

always make the decision to do as he wishes; and the threat of violence on his part should I follow my own course leaves the situation unchanged. I must decide whether to accede to the threat.

"So what," you may say. "Even if Rothbard is right that you cannot, in some sense, alienate your will, how does he get to the conclusion he wants? From the fact that you control your own will, how does the ethical judgment follow that you ought not to threaten violence against another self-owner? Isn't Rothbard guilty of that dread fallacy, the derivation of an ought from an is?"

To our imagined objector, Rothbard would demur. He does indeed derive an ought from an is, but he denies that he is guilty of fallacy. Instead, he maintains that ethical principles follow from the nature of man. Because man has free will, it does indeed follow that he ought not to be coerced by others. (Unless of course he initiates violence: then, Rothbard holds, one may respond with all necessary force. "Tolstoyan" is not, in our author's vocabulary, a word of praise.)

Is Rothbard right? If he is, he has overthrown the dominant way of doing moral philosophy today. In making his case, Rothbard displays his remarkable scholarly ability to extract just what he needs from a vast array of sources. The works of little-known Aristotelian philosophers, e.g., John Wild and John Toohey, S.J., figure to great effect as Rothbard builds his argument. (In conversation, Murray often spoke of his admiration for Toohey's work.)

Rothbard displays his remarkable scholarly ability to extract just what he needs from a vast array of sources.

Rothbard bases his system on self-ownership and defends that principle through an ethics of natural law. But it is not only in the foundation and consistent elaboration of his system that he displays his dialectical skill. I was again and again amazed, as I went through the book, how often Rothbard anticipates the objections of critics.

If you may acquire unowned property through Lockean labor mixture, does this not unfairly bias matters in favor of the first possessor? Imagine a group of shipwrecked sailors swimming toward an uninhabited island. Does the first person to reach the island acquire it? Can he then refuse entry to his shipmates, unless they pay exorbitant rents to him? If he can, has not something gone wrong with the system, supposedly ironclad in its logic?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Not at all. Rothbard easily turns aside the objection. "Crusoe, landing upon a large island, may grandiosely trumpet to the winds his 'ownership' of the entire island. But, in natural fact, he owns only the part that he settles and transforms into use.... Note that we are not saying that, in order for property in land to be valid, it must be *continually* in use. The only requirement is that the land be once put into use, and thus become the property of the one who has mixed his labor with, who imprinted the stamp of his personal energy upon, the land" (p. 64).

A *truly* free market can only be established by ending unjust feudal claims to property.

We may imagine another objector at this point. Suppose Rothbard can handle the objections of Georgists and others that first possessors can in his system hold to ransom all others. Is not his system, however logical, of no practical relevance? Most property titles today do not stem by a clear line of transmission from a Lockean first owner. On the contrary, would we not find that many land titles go back to acts of violent dispossession? Perhaps even as we speak we trespass on land originally owned by Indian tribes. Would not an attempt to put Rothbard's system into practice quickly lead to chaos? (I have heard this objection pressed with characteristic force by Gordon Tullock.)

As usual, Rothbard has thought of the objection himself. He answers that the burden of proof lies on someone who disputes a land title to make good his claim. If he cannot do so, the present possessor owns his land legitimately. Absent a clear proof by the objector that land has been forcibly wrested from him or his ancestors, the current possessor's claim holds good. Either he or his ancestors acquired the land through labor mixture, for all anyone can show to the contrary.

But what if the objector *can* make good his claim? Then Rothbard is entirely prepared to follow out the implications of his system. Many landowners in Latin America and elsewhere would in a Rothbardian world find themselves in very much reduced circumstances. "[A] *truly* free market, a truly libertarian society devoted to justice and property rights, can only be established there [in the underdeveloped world] by ending unjust feudal claims to property. But utilitarian economists, grounded on no ethical theory of property rights, can only fall back on defending whatever status quo may happen to exist" (p. 70).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The brief reference to utilitarian economists suggests another aspect of Rothbard's thoughts, one that Professor Hoppe has insightfully stressed. Our author was keen to distinguish his thought from alternative defenses, in his view mistaken, of the free market. One of his criticisms particularly interested me, for personal reasons.

For many years, Murray in a good-natured way teased me for undue partiality to Robert Nozick. I foolishly resisted his counsel, though I eventually came to see the light. After renewed attention to his chapter on Nozick, I am at a loss to understand why it took me so long to change my mind.

As Rothbard notes, a key part of Nozick's argument for the state rests on a crucial equivocation. Rothbard contends that ideally, protective services should be provided by competing private protection agencies. A compulsory monopoly agency, i.e., a government, is neither necessary nor desirable.

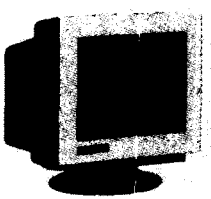
Against Rothbard, Nozick deploys an argument that at first sight seems devastating. Grant Rothbard his private market anarchism, Nozick suggests. Then, in a way entirely consistent with Rothbard's system, a monopoly agency will spring up. Rothbard's system defeats itself.

A compulsory monopoly agency, i.e., a government, is neither necessary nor desirable.

Rising to the challenge, Rothbard locates a crucial weakness in Nozick's argument. Nozick concerns himself greatly with cases in which protection agencies clash over the appropriate procedures to use in trials of criminals. One outcome that Nozick canvasses is an agreement among the agencies on an appeals court.

So far Nozick is on the right lines, and Rothbard himself lays great stress on the need for agreements of exactly this kind. But, according to Nozick, agencies that so come to agreement have coalesced into a single agency. Rothbard finds in this step neither rhyme nor reason: do disputants who agree to arbitration by that fact constitute a single firm? Nozick has "refuted" Rothbard through the use of an arbitrary definition.

I have been able to address only a few topics in this rich and thoughtful


www.mises.org
for previous issues of
The Mises Review

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

book. In doing so, I fear that I have tried my readers' patience by too frequent reminiscence. But this book has meant a great deal to me. ◗

POWER MAD

The Roosevelt Myth

John T. Flynn
Fox and Wilkes, [1948] 1998, xxiv + 437 pgs.

Ralph Raico points out in his incisive introduction to this fiftieth anniversary edition of *The Roosevelt Myth* that many take sharp criticism of FDR to constitute sacrilege against the civic religion of the United States. "Republican no less than democratic leaders revere and invoke the memory of Franklin Roosevelt" (p. vii).

No reader of *The Roosevelt Myth*, unless totally blinded by preconception, can continue to bow down in this temple of Rimmon. Quite the contrary, Roosevelt can be viewed only as a near total disaster. The "Roosevelt-haters" of the 1930s and 1940s, not least among them Flynn himself, have been vindicated by the account so vividly presented here.

Yet in one respect, our assessment seems paradoxical. Roosevelt, as he emerges from this book was a vain, intellectually shallow person whose principal interest was to retain at all costs his personal power. Can so petty a figure have been that dangerous?

Consider, for example, the amusing account Flynn provides of Roosevelt's decision to run for a third term. In conversation with the Eternal Glad-hander, Postmaster-General Jim Farley, who himself sought the presidency, Roosevelt alternately said that he would not run and plotted his campaign strategy. One half of his brain seemed unaware of the activities of the other lobe.

Many take sharp criticism of FDR to constitute sacrilege against the civic religion of the United States.

"On July 1, 1940, two weeks before the [Democratic Party] convention was to meet, Roosevelt asked Farley to visit him at Hyde Park...the conversation proceeded in the most singular manner with literally three persons present—Farley for one, Roosevelt the man who was not going to run as the second, and Roosevelt the man who had decided to run as the third. In one breath he began to discuss vice-presidential candidates...he then began to outline the letter he would write to the convention telling them he didn't want to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

run and at what point he should send the letter. Then having gone into details about how he would eliminate himself he said, 'Undoubtedly I will accept the nomination by radio and will arrange to talk to the delegates before they leave the convention hall'" (pp. 192–193).

Can such an absurd person really have been so dangerous? As Flynn shows with crystal clarity, the answer unfortunately is yes. Owing to the combined circumstances of economic depression and a menacing diplomatic situation in Europe and Asia, Roosevelt's "gifts" were an ideal recipe for disaster.

Roosevelt's total subordination of his country's welfare to his personal ambition began before he took office in March, 1933. The outgoing president, Herbert Hoover, confronted a dilemma. Faced with numerous bank failures throughout the country, Hoover wished to announce a plan to help promote bank solvency. He knew, however, that a statement from him would be worse than useless. He had utterly lost the confidence of Congress and the people.

He accordingly proposed to Roosevelt that he announce a plan to save the banks. Roosevelt refused to do so, since continued bank failures until he took office were to his political advantage. It would hardly do, would it, to have the banks recover under Hoover? Perish the thought! "On February 28 [1933], Hoover received a message that [Roosevelt adviser] Rexford Tugwell had said that the *banks would collapse in a couple of days and that is what they wanted*" (p. 22, emphasis in original). I leave aside here the issue of whether governmental action to end the bank panic was appropriate. Roosevelt himself favored such action: the point was not to allow Hoover credit for it.

Can such an absurd person really have been so dangerous? As Flynn shows, the answer unfortunately is yes.

Not an auspicious beginning, and matters soon got worse. Roosevelt had denounced Hoover as a spendthrift, and his platform promised strict economy in government. But a government that spent little would give Roosevelt scant opportunity to exercise the patronage he craved. Accordingly, "Roosevelt sent his now famous message to Congress deploring the disastrous extravagance of the Hoover administration.... As one reads that message now it is difficult to believe that it could ever have been uttered by a man who before ending his regime would spend not merely more money than President Hoover, but more than all the *other* 31 presidents put together—*three times more,*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in fact, than all the presidents from George Washington to Herbert Hoover" (p. 28, emphasis in original).

Here then, to reiterate, was the situation. Roosevelt confronted a major depression. The solution, so far as the government was concerned, lay within his grasp. He had only to follow his campaign pledge of economy. As good Austrians, we know, Paul Krugman to the contrary notwithstanding, that if the government steps out of the way and allows malinvestments to be liquidated, all is likely soon to be well. But just that solution went against the Rooseveltian categorical imperative: spend money to gain power.

If the government steps out of the way and allows malinvestments to be liquidated, all is likely soon to be well.

Very well, then; out with economy: the government must spend. But spend on what? Roosevelt had little idea, and his vaunted Brain Trust gave him scant help. Flynn heaps scorn upon the Agricultural Adjustment Administration, one of FDR's more bizarre schemes: "Curiously enough, while [Secretary of Agriculture Henry] Wallace was paying out hundreds of millions to kill millions of hogs, burn oats, plow under cotton, the Department of Agriculture issued a bulletin telling the nation the great problem of our time was our failure to produce enough food to provide the people with a mere subsistence diet.... It was a crime against our civilization to pay farmers in two years $700,000,000 to destroy crops and limit production" (pp. 44–45, emphasis omitted).

I must not give readers the wrong idea. Roosevelt's efforts to extricate the United States from the depression were not totally aimless. The New Dealers found the blandishments of fascism much to their liking, and Mussolini's corporative state was the model for Roosevelt's National Recovery Administration. "As I [Flynn] write, of course, Mussolini is an evil memory. But in 1933 he was a towering figure who was supposed to have discovered something worth study and imitation by all world artificers anywhere." What they liked particularly was his corporative system.... The NRA provided that in America each industry should be organized into a federally supervised trade association. It was called a Code Authority. But it was essentially the same thing" (p. 39).

To Flynn's thesis of the New Deal as a combination of nonsense and fascism, there arises an obvious objection. Did not the Supreme

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Court declare both the AAA and the NRA unconstitutional? Flynn of course knew this, and wrote about these decisions, and Roosevelt's "court-packing" response, at length. Incidentally, the subject betrays Flynn into one of his few mistakes. He states: "On May 27, 1935, the Supreme Court, to everybody's relief, declared the NRA unconstitutional.... And the decision was unanimous, Brandeis, Cardozo, and Holmes joining in it" (p. 43). Justice Holmes retired from the court in 1932. (It's just this sort of point that makes reading *The Mises Review* worthwhile, isn't it?)

Flynn rightly saw that even without these two programs, his thesis was intact. The movement of the New Deal toward a planned economic system reflected the influence of a wide variety of self-styled Great Minds. Derailing a few programs could not halt their forward march.

Our author ascribes special importance to the influence of Thorstein Veblen, whose obscure writing style occasioned one of H.L. Mencken's best articles. "Perhaps the great pioneer of planning in this country was Thorstein Veblen and it was from him that Tugwell and the others drew their inspiration. Veblen, like so many of his kind, was an unpleasant fellow" (p. 142).

In the plans of Tugwell, Leon Henderson, and their fellow technocrats, Flynn saw grave danger to liberty. Anticipating the thesis of F.A. Hayek in *The Road to Serfdom* (1944), he maintained that a planned economy led inevitably to a totalitarian state. "Mussolini and Hitler...realized that a system like this, which undertakes to impose a vast complex of decrees upon a people while subjecting them to confiscatory taxes to support the immense activities of the State cannot be operated save by an absolute government that has the power to enforce compliance" (p. 140).

Flynn maintained that a planned economy led inevitably to a totalitarian state.

As if this group of planners were not bad enough, Flynn found another set of Bright Men even more ominous. This group, whom our author terms "the spenders," believed that extensive government outlays were necessary to ensure continued prosperity.

"Well," you may say, "so what? The dispute between Keynesian spenders and sound economists is long-standing. Why does Flynn emphasize it so much?"

Flynn's point was not primarily that the spenders practiced unsound economics: indeed, he unfortunately accepted the view that the economy

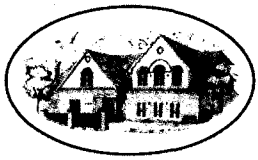
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

requires a high level of spending to maintain prosperity. (Flynn, in contrast to the planners, thought that extensive government programs were not needed to achieve this.)

The danger that Flynn saw in the big spenders was not economic, but political. The spenders wished to stimulate the economy: but what projects stood available? Civilian spending had completely failed to achieve the goal of full employment. In point of fact, unemployment in 1938 was 11 million.

What could Roosevelt do? Only military spending remained available. "Here he was with a depression on his hands" [with] the pressing necessity, as he put it himself, of spending two or three billion a year of deficit money and most serious of all, as he told Jim Farley—no way to spend it. Here now was a gift from the gods.... Here now was something the federal government could really spend money on—military and naval preparations" (p. 157).

As Flynn saw matters, extensive government spending on the military, given the tense diplomatic situation during the period 1938–1941, led almost inevitably to war. Roosevelt, with his customary lack of thought, abandoned the Neutrality Act of 1936, legislation he himself had enthusiastically backed. American participation in war, Roosevelt thought, meant a chance to end economic depression and secure renewed electoral triumph. Never mind whether entry into the war served U.S. interests: a higher need, the fame and political fortune of Franklin Roosevelt, was at stake.



1999 EVENTS
at the
Ludwig von Mises Institute
Auburn, Alabama

HUMAN ACTION 50TH
ANNIVERSARY WITH
SCHLARBAUM PRIZE TO
OTTO VON HABSBURG
AND GALA DINNER
February 5–6
*****
AUSTRIAN SCHOLARS
CONFERENCE 5
April 16–17
*****
ROTHBARD GRADUATE
SEMINAR
July 5–10
*****
MISES UNIVERSITY
August 7–14
*****
WINTER QUARTER
WEEKLY WORKSHOP
The Economics of Carl Menger
*****
For information contact the
Mises Institute, 334-844-2500
fax 334-844-2583
email: freedom@mises.org
web: www.mises.org

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Given Roosevelt's utter lack of strategic sense, it should come as no surprise that the chief result of the war was an enormous expansion of Stalinist power in Europe and Asia. But for that sorry tale, which Flynn recounts with great skill, readers must consult the book. Rather than describe every major topic in Flynn's book, I have thought it more important to stress his chief contribution: his brilliantly sustained argument that an irresponsible and ambitious president unleashed the baleful forces of state planning and militarism in order to keep alive his power. The book ends on a melancholy note: the dying Roosevelt, unable to think clearly, nevertheless clung to power. He proved no match for Stalin in the conferences at Teheran and Yalta. ◗

ASK A SILLY QUESTION

The Future and Its Enemies: The Growing Conflict Over Creativity, Enterprise, and Progress

Virginia Postrel
The Free Press, 1998, xviii + 265 pgs.

I am most grateful to Virginia Postrel. In this issue of *The Mises Review*, I have not had the opportunity to write a really negative review. Certainly I would have liked to; but the books did not permit it. Exemplar of scholarly objectivity that I am, of course I cannot say bad things about good books. Mrs. Postrel has rescued me from my predicament.

She begins with an absolutely perverse question: are you in favor of stability or change? She distinguishes between *stasists*, who favor a static, regulated world, and *dynamists*, who favor "a world of constant creation, discovery, and competition. Do we value stability and control, or evolution and learning" (p. xiv)?

The author begins with an absolutely perverse question: are you in favor of stability or change?

I should have thought the answer to Mrs. Postrel's question too obvious for words: some changes are good, others bad. To ask whether you favor change as such is a quintessential dumb question. But if our author thinks otherwise, who am I to cavil? Here are a few more questions she may find challenging: Do you favor the One or the Many? Alpha or Omega? The Absolute or the Relative?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Fortunately, Mrs. Postrel at times descends from the clouds and approaches a discernible thesis. Her principal aim appears to combat two sorts of people: technocrats, who favor central direction of technology and reactionaries, who dislike much of modern technology.

In her challenge to the technocrats, our author occupies solid ground. She argues along familiar Hayekian lines that a market order, rather than centralized direction, best promotes technological progress. A society with a central plan depends on the limited wisdom of those at the top. A decentralized society, by contrast, can make efficient use of the dispersed knowledge, much of it tacit, of everyone involved in production.

All well and good, but even here Mrs. Postrel cannot state an insight without embedding it in confusion. She combines with her anti-centralism a discussion of Karl Popper's notion that knowledge advances through conjectures that are rigorously tested. It very plausibly does, but what has this got to do with her argument against the technocrats? Why can't they say that they too favor extensive testing of all sorts of conjectures? They will say that their centralized system best promotes severe and comprehensive tests; and a mere reference to the virtues of testing doesn't suffice to refute them. Nor does it help to bring in Darwinian evolution, which also, she says, proceeds by conjecture and refutation. So what?

I suspect that Mrs. Postrel would reply in this way. Technocrats want to control technology. Thus they cannot favor the process of freewheeling innovation that Popper defends. Conjectures should be bold and radical, not tightly controlled. (Remember, biological evolution has something to do with all this.)

The argument just given of course rests on an equivocation over "control." Someone who supports central planning of science need not oppose radical innovations: he merely wants there to be a central body deciding which innovations to pursue. Mrs. Postrel is free to contend that a centrally controlled system will be apt to stifle innovation. But this requires argument, not just the assertion that the system is controlled.

She argues that a market order, rather than centralized direction, best promotes technological progress.

If her case against the technocrats has some Hayekian merit, her assault on the reactionaries seems wholly

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

misplaced. These benighted folk view much of technology with skepticism: you will not find them planning a voyage to Mars or making provision to freeze their heads after death so that they may be revived when the Galactic Empire figures out how to do this. *Horribile dictu*, the Southern Agrarians thought that the pace of industrial change was going too fast.

I cannot think that Mrs. Postrel has advanced any arguments whatever against most of these reactionaries. If they prefer rooted societies with traditional morality and family farms, what is the matter with that? Is the difficulty that the reactionaries oppose change? But obviously they favor some changes, namely the ones that will get them to the society they want. Is it that they wish to control change? But why must they have this wish? Maybe they believe that people will naturally act in a manner to their liking, absent propaganda of space cadets of various stripes.

Admittedly, Mrs. Postrel does raise a valid complaint against some of the reactionaries. To the extent they wish to force others to abandon chain stores or superhighways, she has a good libertarian point against them. But this point would tell equally against those who wish to force others to become more innovative. And it is not always clear that the reactionaries she condemns for resorting to state coercion are guilty as charged. When the journalist Charlotte Allen says "don't let Wal-Mart wreck your downtown" (p. 28), *is* she calling for political action, as Mrs. Postrel claims? She may well be, for all I know; but no evidence is offered.

Much of this rambling book, I am afraid, consists merely of the author's statements of her own preferences. She likes mixing categories together, rather than keeping them apart. Thus, she favors interracial adoptions and, like Professor Tyler Cowen, admires music that blends various genres. Why is this of anything more than biographical interest?

Much of this rambling book consists merely of the author's statements of her own preferences.

Mrs. Postrel does essay one argument in support of her delight in the radically new, but it does not do her much good. Against those who say, "I like my neighborhood the way it is," she writes: "That is the all-too-understandable sentiment that motivates stasist policy. Much as we may want some things to get better, we want others to stay exactly the same. We like our neighborhoods, our jobs, our industries, our cities, our social customs, our art or music, our scientific theories, our general world views

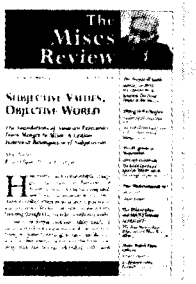
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

just the way they are.... But if every voluntary experiment must answer the question, 'Are you going to affect the way I live?' with a no, there can be no experiments, no new communities, no realized dreams [and no padded sentences?]" (p. 202).

All Mrs. Postrel has said is that if you don't want unlimited change, then you won't get unlimited change. If you keep your neighborhood the same, of course you will not get a new neighborhood. But, by assumption, the people who wish to keep their neighborhood do not want a new one. It avails nothing for Mrs. Postrel to bemoan policies that slow the rate of innovation, unless she advances an argument that the rate ought to be maximized. And it is not an argument for *that* proposition that if we do not maximize innovation, we shall have fewer innovations. That is a tautology.

Unfortunately, Mrs. Postrel has a go at ethics. She criticizes the bioethicist Leon Kass for lack of enthusiasm over laboratory fertilization and similar marvels. He dared to judge these by the criterion of "natural norms." But, Mrs. Postrel asks, doesn't nature vary? And why accept the guidance of nature anyway? "Is the 'natural' an ethical trump" (p. 163)?

Not bad questions; but she makes no attempt to answer them. Instead she describes, for the umpteenth time, her version of nature as a process of continual change. Apparently, "the natural" *is* an ethical trump, so long as she is allowed to characterize it. ◗



Subscription to *The Mises Review* is $15.95 for four issues.

THE MASTER DOUBTER

Economics of Income Redistribution

Gordon Tullock
Kluwer, 1997, 2nd ed., ix + 222 pgs.

On Voting: A Public Choice Approach

Gordon Tullock
Edward Elgar, 1998, ix + 193 pgs.

Gordon Tullock is a difficult author to review. His books are filled with an almost unlimited profusion of ideas. It is enough that Walter Block has defended the undefendable: I cannot endeavor to summarize the unsummarizable. Instead, I shall pick out a few points that readers not

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

specializing in public choice are likely to find valuable.

Almost all political philosophers, and most economists, favor income redistribution to the poor. But do any good arguments justify this? Is it that we wish to eliminate or alleviate poverty? But in that case, why do we give aid to the poor in our own country rather than to much more poverty stricken inhabitants of the third world?

Most economists favor income redistribution to the poor. But do any good arguments justify this?

"My point is simply that there is a contradiction in saying that a program is intended to eliminate poverty when it gives only very small amounts of money to the Third World. If we wish, we can ignore the poor in the Third World, but if we do ignore them, we should not talk about our deep desire to take serious efforts to help the poorest of the poor" (*Economics*, p. vii).

It would not be an adequate response to Professor Tullock to say that just what we want is to help the poor in our own society, rather than worldwide. Precisely the question under discussion is whether there are good arguments for our current policies or redistribution.

Perhaps resort will be made to the relative deprivation hypothesis. The poor in our own country are unhappy with their status, because they can readily see others in better circumstances. Not so the poor in Bangladesh and Ethiopia.

Professor Tullock is not buying it. "In other words, the poor mother in the Sahel watching her child starve to death is not really made terribly unhappy about it because it is a very common event there and she does not feel discriminated against...I have invented an unkind, if accurate aphorism for this: 'if everybody in the village has a toothache, it does not really hurt'" (*Economics*, p. 83).

The strategy that underlies these arguments strikes me as a major contribution to moral philosophy. The general scheme of Tullock's argument is: "If you really favored A, as you say you do, then you would do B. But you don't do B: therefore, you don't really favor A."

In a further example of this technique, our author overturns another familiar argument for income redistribution to the poor. Owing to the declining marginal utility of money, isn't a dollar to a poor man worth much more than the same dollar to a rich man? If so, will not redistribution to the poor increase total utility? (Of course, Austrians will reject the argument on grounds that interpersonal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

comparisons of utility are not allowed. But somehow in questions of redistribution economists often turn a blind eye to this elementary point.)

Tullock ingeniously responds by an application of the argument scheme already discussed. Those who wish to maximize total utility should favor an increase in population since new people, at least up to very large numbers, add to total utility. When the leading proponent of the redistribution argument, A.P. Lerner, confronted Tullock's point, he replied "that he had proposed maximizing utility as a goal when discussing income redistribution. He did not think it was a suitable goal for population policy. This would seem to indicate that he does not really value maximizing total utility very much" (*Economics*, p. 7).

Further, what if some people are much more efficient generators of utility than others? Would not someone who wished to maximize total utility have to favor redistribution to such people? "From observation of human behavior it is apparent that some people get a great kick out of things and others do not" (*Economics*, p. 7). But Professor Tullock finds that supporters of Lerner-style redistribution almost never endorse redistribution to the happy. Thus, he once more concludes that the redistributionists really do not support maximizing total utility.

At one point, I venture to suggest, our author's approach misfires. John Rawls famously supports inequality only to the extent it benefits the least

Those who wish to maximize total utility should favor an increase in population.

well-off class in society. But, Professor Tullock asks, shouldn't Rawls support on his own principles even greater equality than he in fact does? The really worst off are the dying and those with terrible illnesses such as multiple sclerosis. Should not the difference principle be applied to benefit them? In that case, we would require immense transfers of income to raise the utility of those unfortunates. But Rawls does not support this sort of redistribution. Does he then genuinely support the difference principle?

By now, you no doubt recognize Tullock's usual argument scheme in action. This time, though, it does not work. Rawls explicitly confines his theory to those who mutually contribute to increasing the social product. Self-interested choosers behind the veil of ignorance would have no reason to take Tullock's class of badly off people into account. Fortunately,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

there are abundant other arguments sufficient to overthrow Rawls's egalitarian concoctions.

Readers influenced by Murray Rothbard will, I am sure, note that the two economists have very different casts of mind. Rothbard had a theory of the rights people actually have. Tullock advances no ethical principles of his own: instead, he probes the principles held by others and endeavors to find inconsistencies in them. Though Rothbard's approach reaches further, Tullock's Socratic inquiries are a very useful supplement.

I fear that Professor Tullock applies his argument scheme to Rothbardians as well as egalitarians. If you accept a Lockean theory of property acquisition, might it not turn out that you are now a trespasser? Perhaps the area on which you now stand was once unjustly taken from an Indian tribe that had acquired it in proper Lockean fashion. For the reasons stated in my review of *The Ethics of Liberty* in the present issue, I am inclined to think that Rothbardians have successfully responded to Tullock here.

Professor Tullock is no more inclined to accept the pieties of democracy than he is those of egalitarianism. Most people profess belief in majority-rule democracy as the best method of making governmental decisions; but (Tullock's familiar question) do we really believe this? Do we favor abolition of jury verdicts by unanimous vote, the presidential veto, a Senate in which the states are represented equally without regard to population and similar non-majoritarian institutions? If we are not prepared to jettison these institutions, then we are not the majority rule democrats we claim to be.

Tullock's style of argument is unsettling. I shall in conclusion suggest a very speculative replay to the argument he advances. He says: "If you support A, then you should support B. But you do not. Therefore it is questionable whether you support A." Can an escape be found by saying this?: "I acknowledge that if I support A, I ought to support B. If in fact I do not, this is an interesting psychological peculiarity about me; but it does not suffice to show that I don't in fact support A. Neither does it show that it is irrational for me to continue to support A. Perhaps it is irrational of me instead not to endorse B."

Readers influenced by Murray Rothbard will note that the two economists have very different casts of mind.

Revenons sur la terre. Tullock is a thinker from whom all classical liberals

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

can learn a great deal. With Nietzchean force, he summons us away from hypocrisy. ◗

LIBERTY AS A PRECONDITION

Liberalism Defended: The Challenge of Post-Modernity

Douglas B. Rasmussen and
Douglas J. Den Uyl
Edward Elgar, 1997, vii + 85 pgs.

This is a favorable review (yes, I sometimes write them) but it is one I fear the authors will not entirely like. They place great stress on a theory that I think mistaken, to the limited extent I have grasped it. Their principal contribution lies elsewhere, to my mind. They criticize, to devastating effect, the attacks on classical liberalism launched by the political theorist John Gray and the philosopher Alasdair MacIntyre. Here lies the heart of their book, not in the mare's nest of their pet "metanormativity" thesis.

First, some background. Rasmussen and Den Uyl are in the Randian tradition, though not of the strictest observance. Like Miss Rand, they view ethics as a means by which persons can best flourish. Ethical egoism (though not, I hasten to add, selfishness in the ordinary language sense) is the order of the day. Our authors, unlike some Randian acolytes, do not stress as the *summum bonum* each person's bare survival. Rather, like Aristotle, they emphasize man's flourishing according to a particular conception of the good life. This conception they have been at great pains to expound in their earlier and more extensive study, *Liberty and Nature*. (Yes, I have also reviewed that book favorably.)

Do we not have moral obligations to others, not reducible to ways of perfecting ourselves?

Their view of ethics strikes me as somewhat off the mark. Do we not have moral obligations to others, not reducible to ways of perfecting ourselves? Of course, we do, it seems to me: but this appeal to moral intuition will no doubt fall on deaf ears to all Randians in even approximately good standing. But it is not my purpose to press this or other criticisms against our co-authors. Even if I am right that morality does not consist entirely of each person's endeavor to flourish, clearly the union of Douglases

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

has grasped an important part of the truth. Human flourishing (Aristotle's *eudaimonia*) is crucial to sound morality. And this is all that need be granted our authors, for their critique of Gray and MacIntyre to proceed. .

John Gray, readers of *The Mises Review*, will recall, has been a frequent target in these pages; and I rejoice to see the surgical precision of their strikes at his position. Gray, like his mentor Isaiah Berlin, professes value-pluralism. Values are not, Gray thinks, mere subjective preferences; states of affairs are objectively good or bad.

Though values are objective, they cannot be ranked on a common scale. They are necessarily plural and incommensurable. "Versions of human flourishing are incommensurable when two conditions are fulfilled: when neither is better than the other, that is, they are incomparable, and where another version of human flourishing is better than one of the other two valuable forms of flourishing but not better than the other" (p. 45).

That is quite a mouthful, but it isn't as bad as it sounds. Suppose that you are indifferent between vanilla and chocolate ice cream. You prefer pistachio to vanilla, but you do not prefer pistachio to chocolate. Then for you chocolate and vanilla are incommensurable.

Of course, a question has at once sprung to your mind: why does any of this rigmarole matter? I shall not shirk this issue, but first an Austrian digression. To students of Mises and Rothbard, a criticism of incommensurability should at once be obvious. (I regret to say that I stupidly missed the point in my reviews of Gray. Perhaps I need to attend the Mises University, as a student.)

Rothbard and Mises cogently argue that indifference cannot be demonstrated in action. If you accept their contention, then incommensurability cannot get off the ground, since it assumes indifference. Further, intransitivity of preferences is according to some philosophers irrational,

To students of Mises and Rothbard, a criticism of incommensurability should at once be obvious.

though the point is quite controversial. Suffice it to say that if you have intransitive preferences you can in readily imaginable circumstances find yourself in a constantly worse off state of affairs. But all this is by the way.

To return to the matter at hand: why does Gray make such a big to-do over incommensurability? He thinks that, if taken to heart, the concept ruins classical liberalism. According

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to classical liberals, there is a single best political system. You won't find Rothbard, e.g., saying that a free-market society may or may not be the best system. In his emphatically expressed opinion, no doubt on the question is possible.

> If values are relative to each person, how can we defend the claim that a free-market order is the best society?

But if Gray is right about values, how can Rothbard be correct? A free-market order, he may grant Rothbard, best realizes the value of liberty. But that is simply one value among many. We cannot say, then, that a classical-liberal society is without reservation better than one that gives more stress to order and hierarchy. Since values are incomparable and incommensurable, a classical-liberal order is of local rather than universal interest. In insisting on its own primacy, classical liberalism is insufficiently liberal about values.

Rasmussen and Den Uyl reply to Gray with a jujitsu tactic. Rather than resist his claim, they carry it to further length in order to turn the tables on him. The problem with Gray, they hold, is not that he has overstressed the incomparability of values. Quite the contrary, he has not emphasized it enough.

What Gray has failed to grasp, they hold, is that values are relative (though objective) to each agent. Each person, you will recall, is on their conception properly concerned with his own flourishing. What is valuable to me, then, may not at all be valuable to you.

But how does this make the task of defending classical liberalism any simpler? Does it not intensify the problem? If values are relative to each person, how can we possibly defend the claim that a free-market order is the best society, with no ifs, ands, or buts?

Here our authors display their most innovative notion. Just because each individual must "work out his own salvation in fear and trembling" a new question arises. Within what framework can each individual best pursue his own flourishing? This may well turn out to be just the classical liberal order that Gray has dismissed as overly parochial.

But why does agent-relativity enable classical liberalism to make a comeback, while Gray's value-pluralism does not? Gray compares the values of one society with those of another: thus the question of the best society, all things considered, cannot arise for him. Precisely because they carry forward value-relativism to a greater extent than Gray, Den Uyl

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and Rasmussen can raise an issue to which Gray is blind. And, once more, you need not accept their moral theory to recognize the cogency of their inquiry. So long as you admit that human flourishing is an important part of morality, their challenge to Gray retains much of its force. Having praised our authors, I must inject one note of caution. They regard their point about the framework as not a moral issue at all. In their terms, it is a "metanormative" rather than a "normative" notion. I cannot at all see what they are getting at, though I fear bias has undone me. In my review of their earlier tome, I suggested that they abandon metanormativity. Instead, they in this book beat the drums for the notion even more. Oh, well!

MacIntyre, though more influential than Gray, is an easier target. He maintains that "the liberal regime, by enforcing the basic right to liberty, destroys traditional forms of community life that embody people's efforts to pursue their flourishing. A liberal regime acts as a detriment to the lives of people by allowing their basic institutions to be destroyed" (p. 62).

Readers may readily guess the main lines of Rasmussen's and Den Uyl's response. The customs of a community are not an absolute but have value only to the extent they promote human flourishing. If a society does not offer a suitable framework for the pursuit of virtue, why hold it to be a valuable set of institutions?

MacIntyre's apparent assumption that the standards for judging a society are completely internal is rank moral conventionalism: Whatever people put into practice in their society is right. Surely this is an implausible view. And MacIntyre has given us no reason to think that a classical-liberal order cannot flourish, along with the citizens for whom its institutions provide the framework for the pursuit of happiness. ◗

"A liberal regime acts as a detriment to the lives of people by allowing their basic institutions to be destroyed."

KEYNESIAN CONFUSIONS

The Hangover Theory: Are Recessions the Inevitable Payback for Good Times?

Paul Krugman
Slate, December 3, 1998

Paul Krugman is an eminent economist, but he here reveals a woefully inadequate understanding of Austrian

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

business cycle theory. The rudiments of the theory are easy—one might have thought that even a Keynesian could grasp them.

According to Mises and Hayek, an expansion in bank credit pushes the money rate of interest below the "natural" rate. People prefer goods in the present to the same goods in the future, a matter obvious to anyone except for a few philosophers. The rate at which people favor the present, in the Austrian view, chiefly determines the rate of interest.

As just suggested, though, an increase in bank credit plays havoc with the process of setting the interest rate. Since more money is available, the price of money goes down. Investors, faced with lower interest rates, increase their investments in higher stages of production.

Unfortunately, those investments eventually collapse. Because the "natural rate," the rate of time preference, has not changed, consumers do not want the shift to investment goods that has taken place. Hence, these investments must be liquidated, and the boom collapses.

Krugman never comes to grips with this account. Instead, he subsumes it under the more general category of the "hangover theory." "In the beginning, an investment boom gets out of hand. Maybe excessive money creation or reckless bank lending drives it. Maybe it is simply a matter of irrational exuberance on the part of entrepreneurs. Whatever the reason, all that investment leads to the creation of too much capacity.... Eventually, however, reality strikes—investors go bust and investment spending collapses. The result is a slump whose depth is in proportion to the previous excesses."

To Austrians, of course, "whatever the reason" does not adequately portray their theory of the slump. Our confidence in Professor Krugman as an expositor of Austrian theory does not increase when we note his continual citation of "Hayek and Schumpeter," instead of "Mises and Hayek," as proponents of the theory. Although Schumpter was an economist from Austria, his theory of the business cycle differs entirely from the Mises–Hayek account.

People prefer goods in the present to the same goods in the future, a matter obvious to anyone except for a few philosophers.

Even if Professor Krugman's grasp of the details of Austrian theory is hazy, perhaps his objections have merit. Maybe Austrians fall before our author's assault on the hangover

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

theory. What, then, are these objections?

Professor Krugman thinks that the hangover theory "is not a bad story about investment cycles." But it doesn't explain depressions. Why should a collapse in the investment market wreck the whole economy?

Professor Krugman thinks that the hangover theory "is not a bad story about investment cycles."

"Here's the problem," writes Krugman. "As a matter of simple arithmetic, total spending in the economy is necessarily equal to total income. Every sale is also a purchase, and vice-versa. So if people decide to spend less on investment goods, doesn't that mean that they must be deciding to spend more on consumption goods—implying that an investment slump should always be accompanied by a corresponding consumption boom? And if so why should there be a rise in unemployment?"

Did you spot the fallacy? When the investment boom collapses, people may shift spending to consumer goods. It doesn't at all follow, though, that a boom in consumption goods will result. A consumption boom, one presumes, means an increase in the quantity of consumer's goods; and no reason has been advanced to expect such an increase. All we have been given is that spending on consumer goods has increased. This may well simply increase the prices of these goods rather than expand production.

But there is another path that economic downturns frequently take. The investment boom might not be replaced by an increase in consumer spending. Rather, the bust can be accompanied by a monetary contraction (a "credit crunch") that causes the investment boom not to shift but simply to disappear. This occurs by a reversal of the process by which bank credit was created in the first place. But because Krugman is disinclined to think about processes at all, this alternative does not occur to him.

Our author introduces a false issue by bringing in unemployment. It is not at all part of the Mises–Hayek view that liquidating malinvestments caused by overexpansion of bank credit requires mass unemployment. Quite the contrary, unemployment, as Austrians see matters, stems mainly from rigid wage rates. If workers accept a fall in wages, liquidation of the boom is compatible with full employment.

Professor Krugman's assault on Austrian theory has not yet ended. If the Austrians misdiagnose the cause of depressions, they also offer the wrong remedy. Austrians suggest that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

during a slump, the government should stay out of things (hasn't it done enough damage by expanding bank credit?). The "slump is part of the necessary healing process. The excess capacity gets worked off, prices and wages fall from their excessive boom levels, and only then is the economy ready to recover."

To oppose monetary expansion is not moralism, but simple common sense.

To Professor Krugman, this is a counsel of despair. It reflects a moralistic position: since overexpansion is "bad," people must suffer the condign consequences of their misbehavior. Instead, the good professor proposes, a freewheeling policy should be adopted. Why not expand the money supply and avoid depression altogether?

Once more, Professor Krugman has misconceived Austrian theory. An expansion of the money supply will cause discoordination, in the way that Mises, Hayek, and Rothbard have patiently explained and Krugman has ignored. And if expansion proceeds by means of more bank credit, the upshot will be renewed malinvestment. To oppose monetary expansion is not moralism, but simple common sense. ◗

KENNAN ON GERMANY

A Letter on Germany

George Kennan
The New York Review of Books,
Vol. XLV, No. 19, December 3, 1998,
pp. 19–21.

In a brief article, appearing in the form of a letter to his friend Gordon Craig, the eminent diplomat and historian George Kennan reverses an all-too-common view of twentieth-century European history.

According to the conventional wisdom, an aggressive and militaristic Germany bears principal responsibility for World War I, with all its destructive consequences for European civilization. Among the manifold disastrous consequences of the war, however, something good emerged.

The ramshackle Austro-Hungarian Empire gave way to new countries, e.g., Czechoslovakia and Yugoslavia, embodying Wilsonian self-determination. Unfortunately, a once more aggressive Germany ended, at least for a time, these noble experiments.

Given the horrendous consequences of Hitler's aggression, it was only to be expected that the post-World War II generation feared a reunified Germany. The division of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Germany into Western and Eastern parts, each dominated by an antagonist in the Cold War, was, if less than ideal, at least understandable.

Mr. Kennan rejects this account at each of its main contentions. Against Fritz Fischer and other historians who blame Germany exclusively for World War I, he sees the Germans' "part in the origins of the First World War as certainly no greater, and perhaps even smaller, than that of the French and the Russians" (p. 20). Kennan's judgment is no mere off-the-cuff pronouncement: he is a specialist in the diplomatic history of the pre-war era and the author of a standard work on the Franco–Russian Alliance.

Our author has no use for Wilsonian self-determination either. (Readers of his excellent *American Diplomacy, 1900–1950*, will not be surprised.) He writes: "I had...been much impressed by the post-World War I book of the conservative French thinker Jacques Bainville entitled *Les Consequences politiques de la paix*...in which he castigated the statesman of the victor powers at the Versailles peace conference for promoting the breakup of the Austro-Hungarian Empire while leaving Germany, albeit defeated and helpless as if then was, the single great state in Europe, confronting across its eastern and southeastern borders only a number of new, inexperienced, and unstable political entities which, he predicted, would never be able to stand up to the future Germany in a pinch. This made sense to me at the time; and it clearly found vindication in the tragic events of 1938–1939" (p. 19). Incidentally, to describe Bainville as a conservative understates the case. He ardently supported the monarchist Action Française.

Mr. Kennan here not only rejects Wilsonianism: he also adumbrates a revisionist view of the origins of World War II. The post-Versailles political situation, he is saying, made German dominance of central Europe inevitable. The *Anschluss* with Austria in 1938 and the collapse of Czechoslovakia in 1938–1939 cannot then be put down unreservedly to Hitler's aggression. In saying this, I am going beyond Mr. Kennan's words; but I do not think I mistake the implications of what he does say.

In sum, Mr. Kennan "has never shared the tendency of so many in Europe and elsewhere to regard the modern Germany as by nature an aggressive and dangerous country" (p. 20). At the end of World War II, Kennan, then a high official in the state department, supported consideration of a unified, though disarmed and neutral, German state. His proposal was not to the liking of his Germanophobic colleagues, and nothing came of it. He caustically remarks that Secretary of State Dean Acheson "had no personal knowledge of Germany whatsoever" (p. 19). ◗

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

David Gordon, who writes *The Mises Review*, is a senior fellow at the Ludwig von Mises Institute. He was educated at UCLA, where he earned his PhD in intellectual history, and is the author of *Resurrecting Marx: The Analytical Marxists on Exploitation, Freedom and Justice; The Philosophical Origins of Austrian Economics*; and *Critics of Marx*. He is also editor of *Secession, State, and Liberty* and co-editor of H.B. Acton's *Morals of Markets and Other Essays*. Dr. Gordon is a contributor to such journals as *Analysis, The International Philosophic Quarterly, The Journal of Libertarian Studies,* and *The Quarterly Journal of Austrian Economics*.

---------- ✂ ---------- ✂ ---------

Name _____

Address _____

City _____ State _____ ZIP _____

Phone _____ Email _____

I enclose a check for $ _____ ($15.95 for 4 issues) or please charge my credit card: ❑ Visa ❑ MasterCard ❑ Discover ❑ Diners Club

Card No. _____

Signature: _____ Exp.: Mo/Yr _____

Ludwig von Mises Institute, 518 West Magnolia Avenue
Auburn, Alabama 36832-4528
(334) 844-2500; fax (334) 844-2583
freedom@mises.org; www.mises.org

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Mises Review
Ludwig von Mises Institute
518 West Magnolia Avenue
Auburn, Alabama 36832-4528

Non-Profit Org.
U.S. POSTAGE
PAID
Ludwig von Mises Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED